UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11 Case No.
:
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : 08-13555 (JMP)
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Debtors. : (Jointly Administered)
:
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OBJECTION OF WILLIAM KUNTZ,III TO "B" NOTE TRANSACTION

Now comes William Kuntz, III who appears here *Pro Se* and respectfully submits the following: The Debtor proposes to put itself into a position to buy a Certain Note <B> from the Debt Structure of a Large Midtown Building in New York City.

1) By Order to Show Cause, signed on the 8th of June, 2010 replies are due By the 15th of June, 2010 with a proposed hearing date of the following day.

2) The Court has in the past considered and approved the so called Warehousing when it approved the General Re Building Transaction in Stamford, Conn <see Docket # 7222> However this is an entirely different kind of proposal.

3) It is unclear who the real owner is behind the fictional deed name. Further a review of the structure of the Debt does not indicate how LBHI would either share or compete with the Note B Holder. It would appear that there would be a share 'a pari passu'[1] of any proceeds from a foreclosure. In Order to reach the

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[1] Statute of Bankrupts Act 1542-The **Statute of Bankrupts** (34 & 35 Henry VIII, c. 4) was an Act passed by the Parliament of England in 1542.- The Act contained an extremely long preamble which denounced debtors acting in fraud of their creditors-http://en.wikipedia.org/wiki/Statute_of_Bankrupts_Act_1542

Deed? Title in a Foreclosure, LBHI would have to be in a position to satify the First Mortgage of $419 Million. So in effect even if this Court approved the Note "B" Proposal, a further $419 Million would be needed. So in effect, the Real Proposal is to expend almost $700 Million to protect the Junior Mezzanine Balance of about $200 Million.

4) The papers reveal that the Debtor believes that the 237 Park Ave Owner is Going to Default on the Note "B" Paragraph 16, Page 5 Any Prudent Man would not consider buying the Note. As the Debtor has presented nothing as to what the Building is worth[2] and what it might bring in a Distress Sale. This proposal is nothing more than another sham to line the pocket of a Wall Streeter and further expend needlessly estate cash with no advantage to the Estate. However, it is sure to win points with Prudential in giving it ¼ Billion in Cash for what otherwise might be a nasty loss.

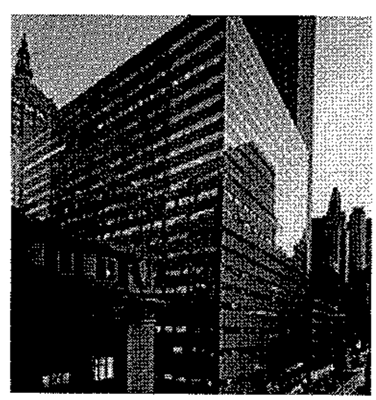
[2] According to Monday Properties Case Study of 237 Park Ave the more realistic current price of the Property before Lehman is/was $455 Million and accordingly, the Mezzaine Loan LBHI want to protect Is already worthless see http://rds.yahoo.com/_ylt=A0oG72hcjhNMvLIAnIFXNyoA;_ylu=X3oDMTEzMWFpdmFvBHNlYwNzcgRwb3MDMQRjb2xvA2FjMgR2dGlkA0Y4NjBfMTA5/SIG=12051m0s7/EXP=1276436444/**http%3a//www.mondayre.com/page.cfm%3fpageID=69

237 Park Avenue, New York, NY

Location:	New York, NY (Midtown)
Property Type:	Office
Square Feet:	1,250,000 RSF
Purchase Date:	October 2003
Purchase Price:	$455,000,000 ($363 PSF)
Strategy:	Value Add
Sale Date:	May 2007
Sale Price:	$1,180,000,000 ($943 PSF)
Overall IRR:	55.65%

OPPORTUNITY

Monday Properties acquired 237 Park Avenue in October 2003, after having served as the managing agent since 1999. The building is a 21-story office tower containing 1,250,000 RSF and is located in the heart of midtown Manhattan's Grand Central District. Occupying the eastern span of Park Avenue from East 45th to East 46th Streets, its large floor plates and adjacency to Grand Central Terminal at 45th Street has enabled the property to attract and retain an impressive roster of credit tenants, such as Credit Suisse, Bear Stearns, UBS, J. Walter Thompson and International Paper.



Upon acquisition, 237 Park Avenue presented a number of value-add opportunities such as below market in-place rents of $38 PSF and over 40% of the building's (456,000 RSF) leases expiring in 2006. Stabilizing the rent roll, combined with a focused deployment of approximately $3 million for elevator replacement with new Schindler Miconic systems, all presented significant upside for ownership.

TRANSACTION

Monday successfully purchased 237 Park Avenue in an off-market transaction due to its strong existing relationship with the seller and its intimate knowledge of the building and leasing market. This relationship, plus Monday's ability to move

quickly, convinced the seller not to run a public sales process. In October 2003, a joint-venture between Monday Properties and Citibank Asset Finance purchased the property for $455 million ($363 PSF), a 7.1% cap rate on year 1 NOI of $32 million. The deal was capitalized with $328 million of senior debt from Greenwich Capital and $164 million of venture equity. At that time, the venture projected a leveraged IRR of 15%.

RESULTS

Monday's impact as owner of 237 Park Avenue was felt immediately, as it renewed the property's single largest tenant, J. Walter Thompson, for 270,280 RSF at $44 PSF and leased another 56,177 RSF of surrendered space to UBS at $46 PSF. With its large block leasing program successfully completed, Monday recapitalized the asset in July 2005 with Beacon Capital Partners.

Shortly after the recapitalization, Monday continued to execute its business plan with a forward renewal and expansion of Jennison Associates for 115,344 RSF at an average rent of $76 PSF. Furthermore, Monday leased the balance of the vacant space (148,028 RSF) to Bear Stearns at an average rent of $69 PSF. Bear was expanding from its nearby worldwide headquarters 383 Madison Avenue. The tenant was so satisfied with the lease negotiation and the owner's management style that they indicated a desire to take additional space at 237 Park Avenue, although the building had no immediate availability. Monday then successfully identified and negotiated an early surrender with Credit Suisse, making this 106,950 RSF available to Bear Stearns at an average rent of $81 PSF.

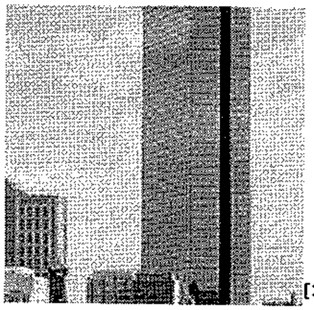
Monday successfully leased over 700,000 RSF in less than three years – a strong testament to Monday's superior tenant and broker relationships. This overall leasing activity increased NOI over 30% from $32 million at acquisition to $42 million in 2007. With both a stable tenant roster and a strong investment sales market in-place, the Monday/Beacon venture strategically sold 237 Park Avenue to Broadway Partners for $1.18 billion ($943 PSF) in May 2007.

The Beacon/Monday sale culminated a four year period that earned an overall $681 million net profit and IRR of 55.65%.

Download Case Study

First Signs of Cracking: Broadway Partners Defaults on Hancock Tower

Posted By squarefeet On January 9, 2009 @ 9:34 am In Commercial Finance and Lending, Notable Deals, Trends | 4 Comments



[1]New York's Broadway Partners has apparently defaulted on their loan on an acquisition they made back in 2006, according to a report in the Boston Herald. The acquisition of Hancock Tower in 2006 for $1.3 Billion was a landmark deal at the top of the market. Hancock Tower is a 60-Story, 1,755,398 square feet, Class-A office tower that Broadway Partners acquired on 12/28/2006.

The building is the tallest tower in New England and also features a 2,000 stall parking garage, and is home to tenants such as Deloitte & Touche, Investors Bank and Trust, Marsh and McLennan, Hill Holiday and Charles River Associates.

According to the article, Broadway Partners issued a statement yesterday in an attempt to reassure investors:

Despite difficult market conditions, we continue to work hard with our lenders and partners to address debt obligations," the statement read. "In the meantime, Broadway Partners continues to operate great buildings with high service standards.

The article indicates that the lenders were Royal Bank of Scotland's Greenwich Capital, and in the amount of $640M. In addition, Lehman Brothers had provided another $450M of debt for the acquisition.

Given those numbers and a weakening market, a sale would be insufficient to cover the debt and would likely result in Greenwich Capital Financial losing a lot of money should they have to take the asset over and dispose of it.

We previously wrote a piece on Broadway Partners [2] back in October questioning Broadway and when their San Francisco assets would come into play.

COO Jonathan Yormak Splits Embattled Broadway Partners

By Dana Rubinstein

July 22, 2009 | 12:53 p.m

Mr. Yormak pictured here, second from left, among his former Broadway Partners colleagues.

Jonathan Yormak has left Broadway Partners, **the young, Ivy League-educated real** estate firm that used short-term debt to devour New York real estate at obscene prices during the heyday of the boom.

He could not be reached for comment. But a source familiar with the Broadway's goings-on said that Mr. Yormak, the firm's chief operating officer, had told founder and CEO (and friend) Scott Lawlor that he would leave, once he finished overseeing the workouts of their short-term debt, including that tied to the 24-building national portfolio that Broadway bought from Beacon Capital Partners in December 2006 (they closed in May 2007) for $3.3 billion.

The portfolio includes **237 Park, 100 Wall**, and the John Hancock tower in Boston, which was sold in a foreclosure auction in April for half the $1.3 billion Broadway originally paid.

According to his online profile, still on the Broadway Partners Web site, the boyish-looking Mr. Yormak had worked at the firm since 2003, following a seven-year career as a commercial real estate lawyer, including a stint at Fried, Frank, Harris, Shriver & Jacobson LLP. Perhaps he coveted the larger pay checks of his clients.

One source we spoke to suspects that Broadway Partners, which has been keeping its debt-restructuring hush hush, will be allowed to retain a small ownership stake in many of its buildings (a bit of a face-saving measure), while its equity is hollowed out from the inside. That could not be confirmed.

Updated, 2:24 p.m. Mr. Yormak, 37, returned our call this afternoon. He said the following:

"I left because I'm just looking to pursue some opportunities in a new platform, basically," adding, "There are no particular opportunities that I'm currently focused on."

Mr. Yormak added that he retains some "residual interests" in Broadway Partners, "but they obviously will be completely passive."

drubinstein@observer.com

Market crash hits Broadway Partners head-on

August 17, 2009 07:00PM


Scott Lawlor, CEO of Broadway Partners

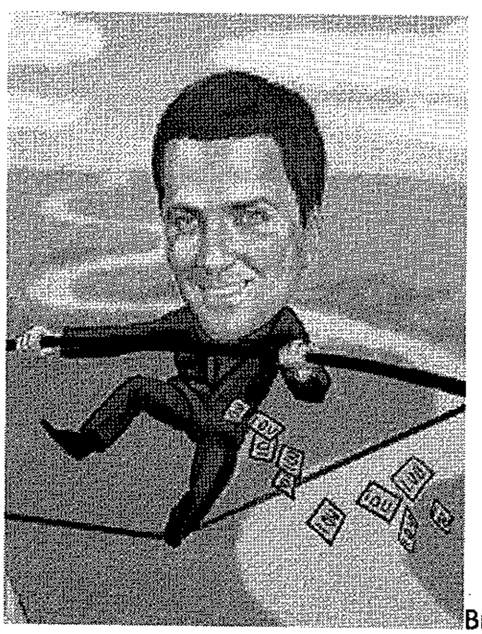
The real estate crash has hurt Broadway Partners, which at nine years old is one of the newer kids on the block, more than some of its rivals in commercial real estate. The company's strategy was to purchase buildings using highly leveraged loans, wait for rents to increase and sell the buildings for a profit within two years. The company purchased 28 office properties nationwide in 2006 and 2007. Already, Broadway Partners has defaulted on more than a dozen buildings'

short-term loans and has seen two of its buildings fall into foreclosure. It is unclear whether the company will be able to raise enough capital to pay off its loans and survive.

Broadway Partners races to unload its trophy towers

Latest major firm to show signs of overleveraged distress

October 03, 2008 05:59PM ***By Adam Piore***



Broadway Partners' CEO Scott Lawlor must perform a tricky balancing act: His firm owes more on some of its buildings than the properties are worth -- and several loans are coming due.

Scott Lawlor once told a reporter he measured the success of his firm Broadway Partners largely on its ability to find new assets. Today, the survival of his firm depends on its ability to sell them.

With hundreds of millions of dollars in short-term debt coming due in January, Lawlor's private equity firm has emerged as the latest poster child for overleveraged post-boom distress. Now that Harry Macklowe's goose has been cooked, it's Broadway's nationwide effort to unload trophy office towers that has become the real estate saga du jour.

"They came out of nowhere, buying up all these deals and reselling them," crowed one rival investor, who asked not to be identified. "Now, they're in deep shit."

Lawlor's spokesperson said he is not talking to the media. Associates said he has felt stung by negative press coverage.

"The media has pretty much beaten them to death recently," said one, who also asked not to be named.

Certainly, there's plenty to write about. Between May 2006 and May 2007, Broadway snapped up more real estate in Manhattan than all but two buyers — Macklowe and Tishman Speyer, according to a June 2007 survey compiled by *The Real Deal.*

Those buys included $1.25 billion for 1.2 million square feet at 280 Park Avenue and $644 million for 1.7 million square feet at 450 West 33rd Street, among other properties. The firm also bought trophy properties in Boston, Los Angeles, San Francisco and Washington, D.C., among other cities.

To finance its spending spree, however, Broadway borrowed heavily, with short-term debt and risky adjustable-rate loans, the repayment of which was predicated on expected future rent increases. With the credit markets frozen, and the commercial markets deteriorating, Broadway now finds itself unable to refinance its loans to meet the first of what are likely several rolling debt deadlines. About $900 million in short-term debt comes due in January, sources said.

Broadway a bellwether

Broadway's scramble to unload high-profile properties that it bid aggressively for has made the company a natural subject of media scrutiny. But they are certainly not the only firm in a bind.

Indeed, Broadway's fate is being closely watched for what it portends for the market as a whole. The company's primary lender, Lehman Brothers, has already gone under, in large part because of its fast and loose lending standards during the boom years. The New York Times recently referred to Lehman as a "real estate ATM."

There are also troubling signs that the fallout from the frozen credit markets and deteriorating

commercial markets is only beginning. In a report issued Sept. 26, Real Capital Analytics warned that "distressed sales are rising at an alarming pace," noting that about 17 percent of recent commercial sales volume could be "tied to sellers known to be distressed."

Still, Broadway's story is certainly one of the most dramatic in recent times. And its progression is likely to continue to fascinate industry insiders for months to come.

Founded in just 2000, Broadway's emergence as a major player coincided with the boom in loose lending standards and easy credit. The firm's rise was meteoric.

Lawlor, a 43-year-old graduate of Columbia University's School of Architecture, cut his teeth at Fortress Investment Group, a real estate investment firm with a longer record of success.

After starting out small (partnering on a $4.8 million purchase of an old school building in Hartsdale, New York), Lawlor and his team quickly excelled not only at winning big bids, but also at flipping trophy towers for a hefty profit — and trading up to the next buy.

In 2003, Broadway moved its offices from Greenwich, Conn., to the Seagram Building on Park Avenue, the domain of finance titans. Meanwhile, the company bulked up with institutional capital from sources like state pension funds, and used leverage to supersize.

From 2002 to 2007, the firm purchased more than $13.6 billion worth of office towers, reselling a number of them for handsome profits. The company bought Washington Harbor, a 537,000-square-foot office retail and condo complex in Georgetown, for $185 million in March 2003, then resold it to Prudential Real Estate Investors for $220 million. In 2006, Broadway bought 660 Madison for $215 million and sold it a year later for $375 million.

The approach won Lawlor a reputation as a "flipper" and engendered some resentment among competitors, who complained his risky behavior helped drive bids into the stratosphere and wasn't sustainable. Still, it worked in the short term. In 2006, Lawlor boasted of returns averaging more than 38 percent.

"We have a very strict discipline we try to bring to bear about sales," Lawlor told the New York Times that year. "We never track assets under management as a measurement of growth. It's, 'How are we performing, and are we continuing to find new assets?'"

But that was before the credit markets seized up. Or, as a number of industry players put it, that was before "the music stopped, leaving Broadway without a seat" — and holding more office towers than a medium-sized city and more short-term debt than many small nations.

Playing for time

Earlier this year, Broadway paid a fee to extend a deadline for its first wave of short-term mezzanine loans: About $900 million is now slated for repayment in January. An additional $300 to $400 million is due next spring, according to sources with knowledge of the firm's

situation.

But that may be just the tip of the iceberg. Between December 2006 and May 2007, the company purchased more than $8 billion of properties, including Boston's iconic John Hancock Tower and three towers in New York: 100 Wall Street, 450 West 33rd Street and 237 Park Avenue. Much of that spending is also thought to have been financed with short-term debt that will soon come due.

Lawlor and his staff have taken a number of different actions in recent months to stave off calamity, including pursuing venture partners to help refinance specific properties such as the Hancock building. Also, last spring, the company laid off a dozen marketing and research staffers and shut down its Paris office. But the firm's core survival strategy has been an aggressive "disposition program" to raise capital.

Initially, Lawlor and Broadway hit a major wall, which only fed the negative chatter. They had hoped to raise the funds by unloading pricey New York real estate, but abandoned those efforts after they reportedly couldn't get the prices they wanted.

Even so, prior to the turbulent events last month, including the bankruptcy on Sept. 15 of the firm's largest lender, Lehman Brothers, Broadway seemed well on the way to raising enough cash to meet its first deadlines.

The company found buyers for five buildings (in Boston, Houston, Los Angeles, San Francisco and Washington, D.C.), with prices totaling $1.13 billion, which would have allowed Broadway to pay creditors through next spring, at the very least. But some of those deals have yet to close, and it's unclear what impact the market turmoil is having on those plans.

The most significant deal — to sell a 43-story office tower for $370 million to a Korean asset management fund — reportedly remains up in the air, even though the agreement to buy the property took place way back in May.

"I think you can infer that without the sales they were able to pull off, they would be in much more serious trouble," said one industry source who has worked with the firm. "And given the events of last week, I think all bets are off for them and others like them."

A crush of sellers?

Whatever the outcome, Broadway's struggles — like Macklowe's fall from grace — have implications that resonate far beyond the conference rooms of its tony Seagram Building headquarters.

Like Kent Swig's Swig Equities and Mort Zuckerman's Boston Properties, Broadway's acquisition strategy has been focused on trophy buildings in big cities — desirable properties won through competitive bids, properties that many covet. It's a strategy that may help the firm raise capital, but other overleveraged investors may not be so lucky.

And plenty of those are likely to face similar struggles in the months ahead.

"A lot of people took short- to mid-term loans, and a lot of people took as much as they could," said Robert Knakal, chairman and founding partner at Massey Knakal. "It was a low rate, it was easy and it was tempting.

"This is going to be a very significant issue over the next two years. There's going to be a significant deleveraging of the market," Knakal said.

The default rate for commercial loans is 0.4 percent, and he expects it to increase further over the next 12 months.

Even more ominously, the number of owners selling buildings to stave off creditors or plug financial holes is beginning to spike. Among them: Risanamento, the Italian firm that bought 660 Madison from Broadway, saw its share price fall 80 percent last year and is reportedly under pressure to liquidate assets including 660 Madison, probably at a much reduced price.

"The level of distress is increasing rapidly and is much higher than mortgage delinquency levels," the Real Capital Analytics report dated Sept. 26 warned. "In addition, it signals that pressure on sellers is mounting, even for those not yet in distress."

That pressure is likely to push commercial prices lower, which will further aggravate the situation once the credit markets unfreeze. The falling value of office towers, which function as underlying collateral, will drive up interest rates and create shortfalls for owners hoping to refinance.

Certainly, the roiling markets are not helping the situation. Dan Fasulo, director of market analysis at Real Capital Analytics in Manhattan, noted that "commercial property needs debt in order to function."

"In order for there to be a healthy sales market, the capital markets have to right themselves," Fasulo said. "But there are no loans out there. No one knows what's going to happen here. There are AAA corporate bonds going to market at ridiculous pricing. We have a major client who said they're [freezing all new loans] for 30 days."

"There's going to be a lot of downward pressure in prices, especially if there's a situation where we see more forced sellers in the market and if buyers aren't able to get financing," he said.

Pro forma gets problematic

But those aren't the only negative factors. Also darkening the picture for Broadway Partners and others: the reliance during the boom years on so-called "pro forma loans."

For years, lenders based commercial property mortgages on cash flows from previous years. But during the boom, some buyers engaging in aggressive bidding for trophy towers began

borrowing against future cash flows based on anticipated lease and rent increases.

However, as commercial vacancies rise — and many believe they will rise significantly with thousands of Wall Street workers hitting the streets and companies going bankrupt — rents should go down, not up. And when the anticipated higher cash flows fail to materialize, borrowers like Broadway will have to look elsewhere for money to make their loan payments.

The implications of pro forma lending are already being felt in other segments of the market. Harlem's sprawling Riverton Apartments is a multi-building residential complex similar to Stuyvesant Town, but some are pointing to its recent troubles as a harbinger of things to come in the commercial sector.

In late August, the owners of the complex, the Rockport Group and Stellar Management, informed their lenders that default on a $225 million loan was imminent. The borrowers had planned to convert rent-stabilized units into fair market units, but were unable to do so as fast as hoped, and found themselves unable to refinance in the current markets.

The default should have come as no surprise: The loan was reportedly underwritten based on projected annual cash flows of $23 million, despite actual cash flows of just $3 million.

One report by Lehman Brothers, which also loaned money to Broadway, blamed "aggressive underwriting" for the Riverton debacle and noted that some commercial properties received similar "pro forma" loans.

No one at Lehman was available to comment on either Riverton or Broadway last month. The bank declared bankruptcy last month and was purchased by the British bank Barclays. But one person with knowledge of the situation confirmed that many of Broadway's loans were also based on projections that showed lease and rental income increasing in the months ahead.

As a result, Lehman would only make adjustable-rate loans to the firm, instead of more desirable fixed-rate loans.

"They've got loans that are rolling, and they didn't have the cash flow to get fixed-rate loans," said the source. "They're coming up for renewal. They're going to have to do something."

One area that is already emerging as a potential cash drain is Boston's John Hancock Tower. In June, Broadway abandoned plans to build a 12,000-square-foot glass "winter garden" on the plaza at the base of the building after community opposition to the project.

The proposal had been inspired, in part, by Harry Macklowe's Apple Cube in front of the GM Building, and proposed in an effort to add value to Broadway's investment.

In August, a Boston Globe columnist, citing a "real estate executive with access to the numbers," noted that Broadway took a long-term mortgage of $640 million to buy the building, along with $472 million in short-term mezzanine financing, for a total of $1.1 billion in debt. But the current value of the building, based on operating profit, is only about $1 billion.

Whether other properties owned by Broadway have similar problems remains unclear. But many industry insiders suspect that this is the case, and Lehman's situation is likely only to add urgency to Broadway's predicament.

Fred Stevens, a partner in the financial restructuring and bankruptcy department at Fox Rothschild, noted that the Lehman's filings so far have been sparse, and the situation is in flux.

If Broadway's loans are sold to Barclays, the firm would have a new lender to negotiate with and might be able to restructure its loans if it comes to that, Stevens noted. But if the loans stay with Lehman, he said, that could cause problems. "The problem is going to be: Who will be around to negotiate for Lehman?" he said. "Lehman will eventually pay attention to it because it is a valuable asset, but it may be very difficult to find a Lehman employee that is interested and able to negotiate a restructuring, if that is what Broadway Partners is looking for.

"If Broadway Partners is unable to meet the terms of its debt to Lehman, or obtain an advantageous restructuring, it may ironically have to seek the same relief that Lehman is seeking."

Unloading their holdings

1. In June, Broadway sold the 608,600-square-foot, 31-story high-rise at Houston's One City Center to Behringer Harvard REIT I for $131 million; the firm had acquired the tower 18 months earlier for $115 million. The building would seem to be somewhat of a success: When Broadway purchased it, the occupancy rate was about 82.2 percent but jumped to nearly 95.5 percent by the time the firm unloaded it.

2. Just after Lehman collapsed on Sept. 23, Broadway announced it had sold Citigroup Center, a 48-story office tower in downtown Los Angeles, to Houston-based Hines for about $280 million.

3. Other sales include a 16-story office tower at 200 State Street in Boston to Germany's GGL Real Estate Partners for $167 million.

4. Broadway unloaded One Westin Center in Washington, D.C., for $182 million to Washington Real Estate Investment Trust.

5. In May, Broadway sold the 43-story office tower at One Sansome Place in San Francisco, which it acquired in May 2007, for $370 million to the South Korean asset management firm Mirae Asset MAPS. However, that deal has yet to close, and some media reports have speculated it may have problems.

Accordingly, the Court should deny the request.

Respectfully,

William Kuntz, III

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508-775-5225

June 12, 2010

Westport, NY